

**SAGA CAPITAL INVESTMENT BANK HF.
-BEST EXECUTION POLICY-**

1. GENERAL

1.1 Legal basis

These rules are based on Article 18 and 19 of Act No. 108/2007 on Securities Transactions ("the Act") on best execution, in accordance to Article 6 of the Act.

1.2 Objective

The objective of these rules is to insure that a client receives the best possible result when client orders, as defined in article 3 of these rules, are executed.

These rules on best execution of client orders describe on what venues Saga Capital executes client's orders when clients do not request a specific execution of orders.

These rules furthermore provide the preconditions that employees of Saga Capital shall act in accordance with when executing client orders for clients who fall within the scope of the rules.

2. SCOPE

2.1 General

These rules apply to the execution of orders for the clients of Saga Capital. These rules are adopted in order to fulfill the obligations of Saga Capital under the Act. Saga Capital's commitment to provide its clients with "best execution" does not mean that we owe a client any fiduciary responsibilities over and above the specific regulatory obligations placed on us.

2.2 Professional Clients and retail clients

These rules do not apply to transactions of eligible counterparties, as defined in point 10 of Article 2(1) of the Act. Eligible counterparties do therefore not enjoy the protection these rules provide.

2.3 Execution of Orders - Definition

"Execution of orders" means the situation when a client legitimately relies on Saga Capital to protect his interests with regard to the pricing, speed, and other aspects when executing orders on behalf of the client. Subject to the aforesaid are the following situations:

- When Saga Capital executes orders by dealing as an agent.
- When Saga Capital executes orders by dealing as a riskless principal on behalf of a client.

Saga Capital is not executing orders when it publishes a quote or provides a "request for quote" service for a client and the client transacts on the basis of such quotes. Such services are therefore excluded from the best execution requirements.

2.4 Trading with Securities

The rules apply to all financial transactions as defined in Article 2, points 2 a. i. and ii. of the Act. Furthermore, the rules apply to the execution of orders by retail clients and professional clients, in different markets and different orders.

The rules are however not exhaustive regarding all possible factors that might have effect during the execution of orders, or regarding the valuation of each individual order. The rules however, form a policy on execution of orders and best execution, as to provide information for Saga Capital's clients.

3. BEST EXECUTION OF ORDERS

3.1 General

"Best execution of orders" in this policy refers to the duty that Saga Capital owes its clients to ensure the best possible result for them, cf. Article 18(1) of the Act.

Saga Capital will seek all reasonable means in accordance with rules and regulations and this policy to ensure the best possible results for clients, when executing orders.

3.2 Aspects of Consideration and their Significance

When executing orders, Saga Capital will use all reasonable means to achieve the best possible result for its clients. This will be accomplished by having in place and enforcing this policy and the procedures which are designed to achieve the best possible result with regard to price, costs, speed likelihood of execution and settlement, the nature and size of the transaction and other relevant aspects of importance.

Price in a transaction will ordinarily have the most value when ensuring best execution. It is possible, that in some instances, the circumstances will lead to the result, that other factors than price are more significant in order to ensure best execution. Such instances might arise in relation to special circumstances, for some clients, orders, financial transactions or markets.

When performing such an evaluation, the factors taken into consideration are the following; the classification of each client and the nature of the financial transactions, the orders and the markets where the orders can be executed.

3.3 Aspects of Consideration and their Significance – Retail Clients

In the case of Retail Clients, the most value will in general be given to the total amount being paid for the transaction.. That amount includes, the price obtained in the transaction, the cost of the transaction as well as cheque clearing and settlement fee. Other factors such as speed, likelihood of execution and the nature and size of the transaction will only be given added value when it is considered to give the client a better result.

3.4 Execution of Orders

In cases when the client doesnot issue any specific instructions on execution to Saga Capital, orders will be executed by one of the following methods or a combination thereof:

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- By trade wherein Saga Capital is the counterparty, given that Saga Capital considers such trade to provide an outcome, at least as good as those listed below.
 - By sending the orders immediately to the market¹ concerned.
 - By executing the orders with several market transactions.
 - By meeting the orders of one client with the orders of another at a price coherent to the market price.
 - Outside regulated markets with transactions with third parties.
 - When Saga Capital is not a direct member of the relevant regulated market, with a third party with whom Saga Capital has entered into an agreement with for executing orders on behalf of Saga Capital on that regulated market.

3.5 Best Possible Result with Regard to Circumstances

Despite all reasonable efforts to obtain the best possible result for clients, having regard to the resources available and the operating circumstances, it is not possible to guaranty that in every instance the best possible result can be achieved. If the employees of Saga Capital abide by this policy it will generally be considered that Saga Capital has fulfilled its duty to ensure its clients the best execution of orders in accordance with Article 18(1) of the Act.

3.6 Specific Instructions from a Client

Whenever a client gives specific instructions in relation to the execution of orders (e.g. with direct access to OMX Nordic Exchange through the system "Saga Trader" in accordance with an agreement between Saga Capital and the client relating thereto) the orders will be executed in accordance with such instructions.

The client acknowledges that whenever he gives specific instructions with regard to the execution of orders Saga Capital cannot and will not consider all the aspects this policy provides for in an effort to obtain the best possible result.

4. GENERAL PRINCIPLES ON EXECUTION

Client orders shall be executed fairly and as quickly as possible. Client orders shall be executed in chronological order in accordance with time of receipt unless this is impossible due to the characteristics of the order, existing circumstances in the market or if something else is deemed to be in the best interest of the client.

According to Article 19(2) of the Act Saga Capital must promote that, in the case of a client limit order which is not immediately executed, it shall be made public immediately in an easily accessible manner on the appropriate market, unless the client expressly instructs

¹ A "market" in this Best Execution policy means a regulated stock exchange, multilateral trading facility (MTF), systematic internalizers and market makers within the EEA or comparable parties outside of EEA.

otherwise. By signing the consent form which accompanies this policy, the client will be considered to have given Saga Capital instructions to at its discretion determine whether or not to immediately publish unexecuted limit orders.

5. REGULATED MARKETS

5.1 Execution of Orders on Regulated Markets

As a principle Saga Capital executes client orders on regulated markets. Saga Capital has chosen this method whereas pricing of securities on regulated markets is transparent, the speed of execution is high, the cost of obtaining the business is foreseeable, and the chances of the transaction being successful are greater than outside of regulated markets.

Saga Capital is a member of OMX Nordic Exchange in Iceland ("OMX") and can by the intercession of other financial companies, execute orders on various markets far and wide.

If a financial transaction can be executed on another market than the OMX Nordic Exchange, Saga Capital might use the market in question, if it is likely, in the opinion of Saga Capital, to lead to a better result for the client. This does primarily apply to such instances when the market in question offers a higher rate of trading of the given financial transaction than the OMX Nordic Exchange. In such instances, the market of choice will be the one with the highest rate of trading.

When choosing markets wherein to execute orders, an evaluation of what is best suited for each client is conducted. Other factors that might influence the evaluation are e.g. market reliability, chances of executing complex transactions, quality etc. When the market in question is the only market that comes into consideration, these rules are considered fulfilled.

The markets where Saga Capital most frequently executes orders are listed in an Annex to this execution policy. By executing orders on the given markets, Saga Capital believes the best possible results can be obtained on behalf of the client. The list is not exhaustive and Saga Capital reserves the right to use other markets, given that the process is otherwise in coherence with this policy.

Saga Capital will review the aforementioned list on regular basis and update it on the execution policy Annex and its website, www.sagacapital.is. Saga Capital will not issue a statement to its clients each time the list is altered, therefore it is the clients responsibility to stay familiar with the lists context. Execution of Orders Outside of Markets

5.2 Execution of Orders outside of Regulated Markets

Despite the principle set forth Article 5.1 Saga Capital might assess the circumstances in such a way that a better result will be obtained by executing orders outside of markets.

Such circumstances mainly arise in relation to large transactions. "Large transactions" means transactions that are larger than normal transactions in the relevant securities. The employees of Saga Capital shall base their assessment on whether it is more favorable to execute orders outside of a market than on it on all relevant factors.

Enclosed with this policy is a client consent form which assumes that the client specifically consents that Saga Capital generally executes orders outside of markets in accordance with this policy.

5.3 Execution of orders on other markets

If Saga Capital receives orders pertaining to financial instruments which are traded on a regulated market which Saga Capital is not a member of (including markets outside the EEA), Saga Capital will execute such orders by transmitting them to intermediaries, based on an agreement pertaining thereto, which are members of or have access to the relevant market. The choice of such intermediaries is based on a constant evaluation on their ability to execute orders well and on the basis of the quality and cost of the service they provide.

6. DISTURBANCES IN MARKETS OR THE SYSTEM "THE SAGA TRADER"

When there is disturbance in the market or the system "The Saga Trader", it may be impossible or inappropriate to execute orders as set forth in this policy. Saga Capital will under such circumstances take all reasonable steps to achieve the best possible result for the client.

7. COLLECTION OF ORDERS

Saga Capital, and any financial company that Saga Capital has mediated orders to, are permitted to collect different clients orders, orders for Saga Capital itself and/or orders for other clients of the financial company in question. Saga Capital will assign to its clients from such collection of orders, in natural and fair manners.

If a collected order is not wholly executed at the same price, Saga Capital is permitted to calculate the average price of the transaction when assigning to its clients. Saga Capital will provide the appropriate information regarding the calculation at the request of the client.

Attention is drawn to the fact that a collection of orders can in certain instances lead to an unfavorable result for the client.

8. COMPLIANCE WITH THIS POLICY

Saga Capital shall ensure that compliance with this policy is subject to regular supervision.

If a client considers Saga Capital to have broken these rules or if the client has any other remarks pertaining to the implementation of these rules, the client can contact the Saga Capital Compliance Officer. The contact number is +354 545 2600

9. REVIEW OF THIS POLICY

These rules shall be subject to regular review. Saga Capital shall analyze whether this policy is efficient enough.

10. DISCLOSURE

Saga Capital shall be able to produce, at the request of its clients, proof that it has executed the client's orders in accordance with the company's best execution policy. In order to be able to fulfill this duty Saga Capital shall record/and or store electronically all information about clients and client transactions with Saga Capital.

Clients of Saga Capital will be informed should this policy be changed materially. Saga Capital will be considered to have fulfilled its disclosure obligations, according to this paragraph, if it publishes the new policy on its website.

This policy is accessible on the website www.sagacapital.is

11. ENTRY INTO FORCE

This policy will enter into force on 1 November 2007.

- A N N E X -

To Saga Capital's Best Execution Policy

Saga Capital is a member of OMX Nordic Exchange in Iceland ("OMX") and can by the intercession of other financial companies, execute orders on the following various markets:

Oslo Stock Exchange
Paris Stock Exchange
Frankfurt Stock Exchange
Euronext
London Stock Exchange (FTSE International)
American Stock Exchange (AMEX)
NASDAQ
New York Stock Exchange (NYSE)

Should the customer ask for securities listed on other markets than the ones listed above, Saga Capital will seek to provide them through other regulated markets.